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**From:** Belser, Evan [Belser.Evan@epa.gov]  
**Sent:** 1/19/2017 9:17:02 PM  
**To:** OECA-OCE-AED [OECAOCEAED@epa.gov]  
**Subject:** Recent news re: EPA and light duty vehicles

Hello everyone,

# Ex. 5 Deliberative Process (DP)

Thanks,  
Evan

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FCA NOTICE OF VIOLATION

ED\_004390C\_00000704-00001

# EPA Notifies Fiat Chrysler of Clean Air Act Violations

## FCA allegedly installed and failed to disclose software that increases air pollution from vehicles

01/12/2017

Contact Information:

Julia P. Valentine (News media only) ([valentine.julia@epa.gov](mailto:valentine.julia@epa.gov))

(202) 564-2663

**WASHINGTON** – The U.S. Environmental Protection Agency (EPA) today issued a notice of violation to Fiat Chrysler Automobiles N.V. and FCA US LLC (collectively FCA) for alleged violations of the Clean Air Act for installing and failing to disclose engine management software in light-duty model year 2014, 2015 and 2016 Jeep Grand Cherokees and Dodge Ram 1500 trucks with 3.0 liter diesel engines sold in the United States. The undisclosed software results in increased emissions of nitrogen oxides (NOx) from the vehicles. The allegations cover roughly 104,000 vehicles. EPA is working in coordination with the California Air Resources Board (CARB), which has also issued a notice of violation to FCA. EPA and CARB have both initiated investigations based on FCA's alleged actions.

“Failing to disclose software that affects emissions in a vehicle's engine is a serious violation of the law, which can result in harmful pollution in the air we breathe,” said Cynthia Giles, Assistant Administrator for EPA's Office of Enforcement and Compliance Assurance. “We continue to investigate the nature and impact of these devices. All automakers must play by the same rules, and we will continue to hold companies accountable that gain an unfair and illegal competitive advantage.”

“Once again, a major automaker made the business decision to skirt the rules and got caught,” said CARB Chair Mary D. Nichols. “CARB and U.S. EPA made a commitment to enhanced testing as the Volkswagen case developed, and this is a result of that collaboration.”

The Clean Air Act requires vehicle manufacturers to demonstrate to EPA through a certification process that their products meet applicable federal emission standards to control air pollution. As part of the certification process, automakers are required to disclose and explain any software, known as auxiliary emission control devices, that can alter how a vehicle emits air pollution. FCA did not disclose the existence of certain auxiliary emission control devices to EPA in its applications for certificates of conformity for model year 2014, 2015 and 2016 Jeep Grand Cherokees and Dodge Ram 1500 trucks, despite being aware that such a disclosure was mandatory. By failing to disclose this software and then selling vehicles that contained it, FCA violated important provisions of the Clean Air Act.

FCA may be liable for civil penalties and injunctive relief for the violations alleged in the NOV. EPA is also investigating whether the auxiliary emission control devices constitute “defeat devices,” which are illegal.

In September 2015, EPA instituted an expanded testing program to screen for defeat devices on light duty vehicles. This testing revealed that the FCA vehicle models in question produce increased NOx emissions under conditions that would be encountered in normal operation and use. As part of the investigation, EPA has found at least eight undisclosed pieces of software that can alter how a vehicle emits air pollution.

FCA US LLC is a wholly owned subsidiary of Fiat Chrysler Automobiles N.V., a multinational corporation.

To read the notice of violation, visit: <https://www.epa.gov/sites/production/files/2017-01/documents/fca-cao-nov-2017-01-12.pdf>

For more information on today's action, visit at: <https://www.epa.gov/fca>

**CBS Evening News:** <http://media.bulletinintelligence.com/playclip.aspx?clipid=8d43b1f3d05d75f&pub=epa>

**NBC Nightly News:** <http://media.bulletinintelligence.com/playclip.aspx?clipid=8d43b2295eb51df&pub=epa>

**ABC World News Tonight:** <http://abcnews.go.com/Business/video/us-accuses-fiat-chrysler-cheating-emissions-44746374>

White House Press Conference, January 12:

Q You talked about the trade enforcement. I wanted to ask you about an environmental enforcement issue. The EPA today said it's accusing Fiat Chrysler of excess diesel emissions, something that could come with a maximum fine of about \$4.6 billion. And the CEO today called this "absolute nonsense," in his words, and said the EPA was "grandstanding," said that the matter could have been settled or handled without such a public announcement. I'm just wondering if you can talk a little bit about whether the White House signed off on what the EPA did today, why the EPA decided to make this announcement today, the importance of it.

MR. EARNEST: What I can tell you is that enforcement decisions at the EPA are made by officials at the EPA, and I'm not aware of any White House involvement in this particular matter. The President's expectation is that officials at the EPA will fulfill their duty to enforce the laws and enforce regulations that are on the books, but how exactly they do that is up to enforcement officials at the EPA.

So for how this particular case was handled, I'd refer you to the EPA, but the President certainly does retain confidence in the important work that's done by the EPA and retains confidence in their ability to effectively enforce the law.

Q And the CEO said that the company plans to work with the incoming administration to put the matter behind them. Do you think that it would appropriate for the incoming administration to deal with this kind of enforcement issue directly?

MR. EARNEST: Well, with regard to how the incoming administration chooses to handle this matter, I'll obviously defer to them. But the respect that we have shown the enforcement process by ensuring that politics does not infect it is a tradition and precedent that we believe is worth upholding, and it's one that we have rigorously upheld over the course of the last eight years and hopefully that will persist into the next administration.

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## MID-TERM EVALUATION

### **FOR IMMEDIATE RELEASE**

January 12, 2017

### **Carbon Pollution Standards for Cars and Light Trucks to Remain Unchanged Through 2025**

*Standards offer savings for U.S. consumers; automakers can comply at lower than expected costs*

**WASHINGTON** — Today, EPA Administrator Gina McCarthy finalized her decision to maintain the current greenhouse gas (GHG) emissions standards for model years 2022-2025 cars and light trucks. The final determination finds that a wide variety of effective technologies are available to reduce GHG emissions from cars and light trucks, and that automakers are well positioned to meet the standards through model year 2025 at lower costs than predicted.

“My decision today rests on the technical record created by over eight years of research, hundreds of published reports including an independent review by the National Academy of Sciences, hundreds of stakeholder meetings, and multiple opportunities for the public and the industry to provide input,” said EPA Administrator Gina McCarthy. “At every step in the process the analysis has shown that the greenhouse gas emissions standards for cars and light trucks remain affordable and effective through 2025, and will save American drivers billions of dollars at the pump while protecting our health and the environment.”

The standards are projected to result in average fleet-wide consumer fuel economy sticker values of 36 miles per gallon (mpg) by model year 2025, 10 mpg higher than the current fleet average. Since the first year of the GHG standards, manufacturers have been developing and adopting fuel economy technologies at unprecedented rates. At the same time, the American car industry has been thriving. Since 2010, the industry has had seven consecutive years of sales growth, with 2016 setting a record high for vehicle sales. The Administrator is retaining the current standards to provide regulatory certainty for the auto industry despite a technical record that suggests the standards could be made more stringent.

Retaining the current standards preserves the significant cuts in harmful carbon pollution expected from the original standards, and provides regulatory certainty for this global industry that must meet similar standards in other markets including Canada and Europe.

The Midterm Evaluation process was established as a part of the 2012 final greenhouse gas emissions standards for model years 2017-2025. This decision follows the Proposed Determination issued by the EPA Administrator in November 2016, and the Draft Technical Assessment Report, issued jointly by the EPA, the National Highway Traffic Safety Administration (NHTSA), and the California Air Resources Board (CARB) in July 2016. The Administrator considered the extensive public input on both these documents in reaching her final determination.

For more information on today's announcement, go to: <https://www.epa.gov/otaq/climate/mte.htm>